

5. 40 C.F.R. § 86.413-78 requires the manufacturer who has been issued the certificate of conformity for the motorcycle to affix at the time of manufacture a permanent and legible emissions label (EPA emissions label).
6. Section 207(a) of the Act, 42 U.S.C. § 7541(a), requires the manufacturer of each new motor vehicle and new motor vehicle engine to warrant to the ultimate purchaser and each subsequent purchaser that the vehicle or engine is designed, built, and equipped to comply with the federal emissions standards, and is free of any material defects which would cause the vehicle or engine to fail to comply with the federal emissions standards during its useful life (EPA emissions warranty).
7. Section 216 of the Act, 42 U.S.C. § 7550, defines a manufacturer as any person engaged in the manufacturing or assembling of new motor vehicles, or importing such motor vehicles for resale.
8. Section 203(a)(1) of the Act, 42 U.S.C. § 7522(a)(1) prohibits the importation into the United States of any new motor vehicle manufactured after the effective date of the regulations unless the motor vehicle is covered by an EPA certificate of conformity.
9. Under Section 205(a) of the Act, 42 U.S.C. § 7524(a), any person who violates Section 7522(a), is subject to a civil penalty of not more than \$32,500 for each motor vehicle or nonroad engine.

Other Definitions:

10. For purposes of this Agreement, the term “export” means to transport to a location outside of the United States and its territories, Canada, and Mexico.
11. For purposes of this Agreement, the term “destroy” means the complete destruction of the motorcycle engine and the complete disassembly of the motorcycle. The engine shall be crushed or broken in such a manner that the engine or its parts can never be used to power anything, and the motorcycle shall be disassembled and broken down in such a manner that it can never be reassembled.

Alleged Violations:

12. EPA alleges that on December 20, 2004, Respondent imported into the United States ten motorcycles that are described in the Table below (the subject motorcycles). Eight of the subject motorcycles were claimed by the importer to have engines smaller than 50cc, and thus excluded from coverage by EPA’s regulations. These motorcycles did not bear an EPA emissions label. Measurements conducted by the Customs and Border Protection laboratory in San Francisco revealed that these models were equipped with engines that exceeded 50 cc in displacement, and, as a consequence, were required to be covered by an

EPA-issued certificate of conformity. The two larger motorcycles were acknowledged by the Respondent to have engines larger than 50cc. These two had labels claiming EPA certification. However, EPA determined that these labels did not meet the requirements of EPA's regulations, and that the company named on the label, Leisure Bikes, of Perryville AR, has not been issued a certificate of conformity by the EPA.

Table: Description of Subject Scooters

Entry Date	Customs Entry Numbers	Manufacturer	Model	Quantity	Displacement
12/20/04	224-4411094-8	Jinlun	JL125T-4	2	125 cc (per manufacturer specifications)
12/20/04	224-4411094-8	Jinlun	JL50QT-7	4	62 cc
12/20/04	224-4411094-8	Jinlun	JL50QT-13	4	61 cc

13. Based on the forgoing, EPA alleges that Respondent committed ten separate violations of Section 203(a)(1) of the Act, 42 U.S.C. § 7522(a)(1), and the Motorcycle Regulations.

Terms of Agreement:

14. EPA has reduced the civil penalty for the ten violations alleged in Paragraph 13 of this Agreement to \$1,000, provided Respondent successfully completes the terms of this Agreement. Respondent shall pay \$1,000 to the United States of America within thirty days from the date that this Agreement is executed by EPA (the due date). Late payment of the civil penalty is subject to interest and fees as specified in 31 U.S.C. § 3717. Respondent agrees to pay the amount by certified check or cashier's check payable to the United States of America, and to mail the payment to:

U.S. Environmental Protection Agency
 Washington Accounting Operations
 P.O. Box 360277M
 Pittsburgh, Pennsylvania 15251
 Attn: AED/MSEB- 7104

A copy of the check shall be sent to Ann Stephanos at the address specified in Paragraph 16 of this Agreement.

15. Within thirty days of this Agreement, or such longer period of time if required by the United States Customs and Border Protection (Customs), Respondent shall export or destroy the ten motorcycles specified above. This exportation or destruction shall be carried out under the supervision of Customs. Respondent shall certify to EPA and

provide supporting documents that the subject motorcycles were either exported or destroyed.

16. All correspondence to EPA concerning this Agreement shall be sent to:

Ann Stephanos, Attorney
U.S. EPA, OECA/AED
Ariel Rios Building (2242A)
1200 Pennsylvania Ave. NW
Washington D.C. 20460

Facsimile: (202) 564-0069

Stipulated Penalties:

17. Time is of the essence to this Agreement. Upon the failure to comply or timely perform pursuant to Paragraphs 14 or 15 of this Agreement, Respondent agrees to the following stipulated penalties:
- (a) For the failure to timely pay the civil penalty, or provide proof of such payment, pursuant to Paragraph 14 of this Agreement, Respondent shall pay a stipulated penalty of \$200 per day. However, if after sixty days of this Agreement, Respondent has failed to pay the civil penalty, Respondent shall be in default of this Agreement. Upon such default, Respondent shall pay a stipulated penalty of \$2,500 per subject motorcycle.
 - (b) For the failure to export or destroy the motorcycles as required by Paragraph 15 of this Agreement, Respondent shall pay for each motorcycle a stipulated penalty of \$2,500.
18. All stipulated penalties shall be paid in the manner specified in Paragraph 14 of this Agreement. In addition, a copy of the transmittal letter(s) and check(s) shall be sent to Ann Stephanos at the address specified in Paragraph 16 of this Agreement.
19. Respondent further agrees that upon default or failure of Respondent to comply with the terms of this Agreement, EPA may refer this matter to the United States Attorney General for collection pursuant to Section 205(d) of the Act, 42 U.S.C. § 7524(d), commence an action to enforce this Agreement or to recover the civil penalty pursuant to Section 205 of the Act; or pursue any other remedies available to it. Respondent expressly waives its right to assert that such engines are certified or exempt from the certification requirements, or that such action is barred by 28 U.S.C. § 2462, other statutes of limitation, or other provisions limiting actions as a result of passage of time.
20. This Agreement becomes effective upon the date executed by EPA, at which time a copy will be returned to Respondent.

21. Respondent hereby represents that the individual or individuals executing this Agreement on behalf of Respondent are authorized to do so and that such execution is intended and is sufficient to bind Respondent.
22. Respondent waives its rights, if any, to a hearing, trial or any other proceeding on any issue of fact or law relating to the matters consented to herein.
23. The terms of this Agreement are contractual and not a mere recital. If any provision or provisions of this Agreement are held to be invalid, illegal or unenforceable, the remaining provisions shall not in any way be affected or impaired thereby.
24. The validity, enforceability, and construction of all matters pertaining to this Agreement shall be determined in accordance with applicable federal law.
25. The effect of settlement described in Paragraph 26 of this Agreement is conditional upon the truthfulness, accuracy and completeness of Respondent's disclosures and representations to EPA.
26. Upon completion of the terms of this Agreement, this civil matter shall be deemed terminated and resolved. Nothing herein shall limit the right of EPA to proceed against Respondent in the event of default or noncompliance with this Agreement; for violations of § 203 of the Clean Air Act, 42 U.S.C. § 7522, which are not the subject matter of this Agreement; or for other violations of law; or with respect to other matters not within the scope of the Agreement. This Agreement in no way affects, or relieves Respondent of responsibility to comply with other state, federal or local law or regulations.

The following agree to the terms of this Agreement:

Cute Scoot, Inc.

By: Michael D. Ching

Michael Ching
President

Date: 9-8-05

**Administrative Settlement Agreement in the Matter of United States v.
Cute Scoot, Inc.**

U.S. Environmental Protection Agency

By: 

Date: 9/23/05

Adam Kushner
Director
Air Enforcement Division